

# Leicester City Council

## Pay Policy Statement 2015/16

### 1 Introduction and Purpose

- 1.1 Section 38(1) of the Localism Act 2011 requires all local authorities in England and Wales to produce and publish a Pay Policy Statement for each financial year from 2012/13 onwards. The principle behind this requirement is to increase transparency and accountability in local approaches to public sector pay, particularly in respect of senior staff by enabling public scrutiny.
- 1.2 As specified in the Act, this requirement does not extend to schools and therefore, the Statement does not include school based employees. Leicester City Council's Pay Policy Statement is set out in accordance with the mandatory requirements of the Localism Act and also takes account of [The Local Government Transparency Code 2014](#).
- 1.3 It sets out information on the council's Pay and Conditions of Service for its chief officers and the wider workforce.
- 1.4 The Pay Policy is designed to enable communities to access the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. In addition, it helps to ensure that policies on pay and reward of the most senior staff are set clearly within the context of the pay of the wider workforce.
- 1.5 The Pay Policy Statement is approved by Full Council and is published on the Council's website so that members of the local community have access to it.
- 1.6 The Act recognises that each local authority has the right to determine its own policy towards pay in order to address local priorities, the local market place and its own economic circumstances. However the requirement for the Pay Policy Statement to be approved by Full Council, and encouragement to councils to set up Remuneration Committees to oversee pay policy, involve councillors having a significant role in determining pay. At Leicester City Council, decisions on terms and conditions are made by Employees Committee or the Executive. The Employees Committee serves as the Remuneration Committee.

## **2 Context**

- 2.1 Leicester City Council is a unitary authority serving the largest city in the East Midlands region with a population of 329,839<sup>1</sup>. The Council spends around £1 billion each year. It is the largest employer in the city with a current total workforce of 11,472 full time equivalents and a headcount of 14,375. The Council operates under a Mayoral model of governance.
- 2.2 The Council provides a comprehensive set of local authority services to the population of the city encompassing schools, social services, environmental services, highways, economic regeneration, planning, libraries, museums, revenues and benefits, housing, parks and open spaces amongst others.
- 2.3 Due to the effect of Government cutbacks, plans were made to reduce spending by £85m per year between 2010/11 and 2014/15. It is forecast that a further £50m to £60m per year will be required by 2017/18. The continued cutbacks have led to 148 redundancies in 2014 and will lead to further redundancies in 2015/16 and beyond as organisational reviews take place to ensure the Council's services are aligned to the needs of the local community.
- 2.4 In 2013/14, the Council became responsible for the delivery of public health services. The statutory transfer placed a new duty on local authorities to promote the health of their population and as a result, 24 Public Health staff transferred to the Council. Those colleagues continue to be employed on NHS terms and conditions which differ to those of the Council. For this reason some or all of this pay policy statement may not apply to those public health staff whose pay may fall under the definition of chief officer.
- 2.5 Although the Leicester and Leicestershire Enterprise Partnership (LLEP) is a separate legal entity, Leicester City Council is the employing body on behalf of that entity. The Director of the LLEP is employed by the Council on the same conditions of service as its Strategic and Divisional Directors, and the LLEP Director and its staff are covered by this Pay Policy Statement.
- 2.6 A key requirement of the Act is to set senior pay in the context of pay of the wider workforce, and specifically its lowest paid staff. The pay of most staff covered by this Pay Policy is governed primarily by a pay structure and associated terms and conditions of service which were implemented in March 2011 for all staff covered by the National Joint Council for Local Government Services (circa 6,595 staff by headcount).

## **3 Scope and Definitions**

- 3.1 This Pay Policy Statement covers all Leicester City Council employees except those employed in schools, apprentices and casual workers.

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<sup>1</sup> Source: Office of National Statistics Census 2011

3.2 The Statement includes policies on:

- a) The level and elements of remuneration for Chief Officers
- b) The remuneration of lowest paid employees
- c) The relationship between the remuneration of Chief Officers and other officers
- d) Other aspects of Chief Officer remuneration

3.3 Remuneration in the context of the Localism Act is defined widely to include salary, bonuses, performance related pay, allowances, fees, benefits in kind and contractual arrangements relating to any possible future severance payments.

3.4 The definition of Chief Officer includes Head of Paid Service\*, Strategic Directors and Divisional Directors (ie, Directors employed on Grade UCOC/T, and the Director of Public Health), as follows:

- Head of Paid Service x 1
- Strategic Director x 3
- Divisional Director x 13

\*The Council no longer has a post of Chief Executive but is still legally required to have a Head of Paid Service.

The current senior management structure can be found at Appendix 5.

3.5 The policy for each group is set out in the following sections.

## **4 Senior Pay**

### **4.1 Head of Paid Service**

Under the Mayoral Model, the Council retains a statutory role of Head of Paid Service. The salary range for this post is £123,231 - £127,485 pa (two incremental points). There are no additional performance, bonus or ex gratia payments applicable to this role.

### **4.2 Strategic and Divisional Directors**

Appendix 1 details each Chief Officer's substantive salary range and current salary. At the time of updating this statement the pay scale for Chief Officers remains the same as 2014/15.

The post of Strategic Director, Adult Social Care is currently being covered under an interim arrangement. There are currently two Divisional Director posts being covered via interim arrangements (Director, Children, Young People and Families, and Director, Learning Quality and Performance) and one post is vacant (Director, Strategic Commissioning and Business Development).

The conditions of service for Strategic and Divisional Directors are in accordance with the Joint Negotiating Committee for Chief Officers Agreement

and the local terms and conditions which apply to other staff. Directors do not receive performance related pay, bonuses, benefits in kind or any other additional payments. Those who so wish may have access to workplace car parking at a cost of £870 pa, paid through a salary sacrifice arrangement.

Officers at this level are expected to work those hours necessary to fulfil their duties without additional pay. They receive no additional payments for overtime, standby etc.

#### 4.3 Placing on Grades and Incremental Progression

Appointments to both Strategic and Divisional Director grades are normally made on the minimum point of the salary range, unless an appointee is already on a higher salary in which case placing on the grade will reflect this. The only other factor normally taken into account is market forces where necessary. However, market supplements above the grade of the post are not normally awarded at this level. Decisions on placement within the grade are normally taken by the most senior manager involved in the selection process, who may consult the relevant member of the Executive if required.

Progression through the grade is by one increment on 1<sup>st</sup> April each year, subject to satisfactory performance, until the maximum of the grade is reached.

#### 4.4 Fees

The only Chief Officer who receives fees is the Returning Officer who receives payment in line with the guidelines supplied by the Electoral Commission. The Returning Officer is the Director of Delivery, Communications and Political Governance.

#### 4.5 Termination Payments

The Council's policy on termination payments is the same for all staff.

Redundancy payments are based on the number of weeks' pay staff are entitled to in accordance with statute, with reference to their age and length of service, using an actual week's pay. The Council does not pay enhanced redundancy payments for any staff under the Discretionary Payments Regulations.

In terms of early retirement, the Council's normal position is not to top up pension benefits but it will consider requests to do so on a case by case basis. This approach applies to all staff – there are no special arrangements for senior staff. However, the Council reserves the right to enter into settlement agreements for staff in exceptional circumstances.

Where the cost of redundancy pay plus the capital cost associated with the early release of pension is £60k or more, early retirement is subject to approval by the Head of Paid Service and the Director of Delivery, Communications and Political Governance in consultation with the City Mayor.

The Council has provisions for flexible retirement and for early retirement on compassionate grounds where the employee needs to provide care for a family member for two years or more. The Council does not award additional membership under Regulation 12.

#### 4.6 Comparison of Senior Pay with Similar Authorities

Geographically, the nearest unitary councils are Derby, Nottingham and Coventry City Councils. A comparison of Leicester's chief officers salary ranges against the salary ranges for similar posts in these authorities is shown in the table below. It should be noted that actual posts and structures vary between authorities and none of these other City Councils is a Mayoral authority. For this reason no comparative salaries are included for Head of Paid Service (as the other Councils have a Chief Executive).

<b>Authority</b>	<b>Top tier – Strategic Directors</b>	<b>Second tier – Divisional Directors</b>
<b>Leicester</b>	£110,484 - £118,983	£76,725 - £85,575
<b>Nottingham</b>	£120,000 - £144,653	£66,765 - £89,017
<b>Derby</b>	£108,084 - £118,890	£67,689 - £79,983
<b>Coventry</b>	£90,462 - £124,295	

The comparison table shows that Leicester has a lower maximum salary for both tiers than Nottingham and Coventry. At present, due to the ongoing insecurity of employment caused by public sector cut-backs, this may not prove a major issue in terms of retention. Much will depend on the state of the employment market for senior roles and the nature of the role occupied.

#### 4.7 Value for Money

One of the key issues underlying the requirement to produce a Pay Policy Statement is consideration of whether senior pay levels represent value for money. What do officers provide in return for these levels of remuneration?

Leicester is a large unitary authority spending over £1 billion each year. It has a workforce of 14,375 headcount, (full time equivalent 11,472) in total and a headcount of 6,942 (6016 full time equivalent) non-school staff. Both Strategic and Divisional Directors have significant responsibilities for the delivery of the services under their control using the workforces and budgets they are responsible for. They advise the City Mayor and elected members on council decisions and on the future direction of the authority, guide major projects, plan and deliver a wide range of council services, are responsible for the effective performance of their service area, lead on complex changes, make tough day to day decisions on 'doing more with less' in an extremely challenging economic environment of cut-backs and commission services from others.

Most are responsible for large numbers of staff or manage highly complex technical areas with smaller staff complements. The numbers of staff managed are included in Appendix 1. Some senior roles hold statutory responsibilities, such as the Head of Paid Service, Section 151 Officer role (in charge of the

council's finances), Electoral Registration Officer, Local Returning Officer and the Monitoring Officer role, or responsibilities for safeguarding vulnerable adults or children.

Strategic Directors, with the City Mayor and the Executive, are responsible for setting out a strategic vision for the way forward for the service areas under their control and providing clear leadership to the organisation. Strategic Directors also provide effective management for their departments. Some senior roles focus around partnership working and relationship management with external partners to integrate strategy, maximise effective use of resources or to facilitate or deliver shared agenda.

Strategic Directors are responsible for overseeing large departments and Divisional Directors manage the divisions within departments. The size of budgets varies according to the nature of the service. Details of divisional budgets are attached at Appendix 2.

The job descriptions for all these roles are available at <http://www.leicester.gov.uk/PayPolicyandDirectorsJD>. The management competencies for Divisional Directors are set out in Appendix 3.

## **5 The Wider Workforce**

- 5.1 Senior pay needs to be set in the context of the pay policy in relation to the rest of the workforce. The Council's current pay structure for all staff covered by the National Joint Council for Local Government Services and the Joint Negotiating Committee for Local Authorities Craft and Associated Employees results from a pay and grading review which was implemented in March 2011, with effect from 1<sup>st</sup> July 2010. The grading of jobs is determined through job evaluation, using a scheme which is compliant in terms of equal pay for equal value principles.
- 5.2 The structure, which covers the majority of non-schools staff including Heads of Service, has 15 grades – see Appendix 4. Each grade has four increments apart from Grade 1, which has six. Employees are normally appointed to the minimum point of the grade and progress through the grade by one increment on 1<sup>st</sup> April each year, subject to satisfactory performance, until the maximum of the grade is reached. Sometimes, for market reasons, employees are appointed above the minimum point. Accelerated increments may also be awarded for exceptional performance.
- 5.3 In November 2014, agreement was reached on a national pay award for Local Government Services employees. As a result, an increase of 2.2% on all points took effect from 1 January 2015. In addition, employees in post on 1 December 2014 received one-off lump sum payments as follows:

<b>Local spinal column point</b>	<b>Lump sum</b>
2 - 4	£325
5 - 7	£150
8 - 46	£100

5.4 These payments were subject to income tax and national insurance, and were pensionable. Employees on local spinal column points 23 – 46 will receive a further lump sum payment in April 2015.

5.5 The top salary in the structure is £63,116pa. The lowest salary – the minimum point of Grade 1 – is £13,500 pa or £6.9974 per hour. On 1 April 2013, the Council adopted the 'Living Wage', resulting in a current minimum hourly rate of £7.85. This is paid via a supplement to all employees on points 1 to 7 of the pay scale, a total of 1,115 by headcount – approximately 8% of the total workforce.

5.6 The following local provisions for staff are in place for certain posts:

- Overtime payment at plain time or time and a third
- Payment at time and a third for work at night, on Saturday and on Sunday
- Payment at time and a third plus time off in lieu for work on a bank holiday
- Standby allowance of £100 per week

5.7 The Council offers a wide range of training courses and post-entry qualification training to assist staff to progress in their careers. Managers are encouraged to develop career ladders linked to achieving relevant competencies, work of the relevant level and financial provision being available. The staff and management competencies developed in 2011 are attached at Appendix 3.

5.8 Full details of the relevant terms and conditions of service can be found here <http://www.leicester.gov.uk/your-council-services/council-and-democracy/key-documents/conditions-of-service/>.

5.9 Market Pay

Sometimes job evaluation results in a salary range which is below the market rate for a particular role. Where managers find difficulty with recruitment and retention because of this they may put forward a business case to the Market Pay Working Group which considers both this and independent market pay data in determining whether it is appropriate to award a market supplement. Market supplements are based on lower, median or upper quartile market pay data figures (or a level between these values) depending on the evidence and are reviewed every two years.

In addition to those staff covered by the pay and conditions described above a small proportion of the non-schools workforce is covered by national pay scales for teachers, educational improvement professionals; educational psychologists, young people's/community service managers and youth and community workers.

## **6 Relationship of Senior Pay to the Pay of the Wider Workforce**

- 6.1 The Hutton Report on Fair Pay recommended that local authorities should publish the ratio of top earner to the median earner in the authority (excluding schools staff and apprentices). At Leicester City Council the ratio, based on the top earner's salary of £127,485 and a median salary of £21,734, was 5.87:1 in 2014/15. The ratio is 5.74:1 for 2015/16 (based on a median salary of £22,212). The Council monitors and updates this ratio each year in its Pay Policy.

## **7 Pension Issues**

- 7.1 All staff belonging to the Local Government Pension Scheme (LGPS) make contributions to the scheme based on their salary level as illustrated below:

LGPS Contribution Band (with effect from 1 April 2014)	Salary Range	Contribution Rate
1	£0 - £13,500	5.5%
2	£13,501 - £21,000	5.8%
3	£21,001 - £34,000	6.5%
4	£34,001 - £43,000	6.8%
5	£43,001 - £60,000	8.5%
6	£60,001 - £85,000	9.9%
7	£85,001 - £100,000	10.5%
8	£100,001 - £150,000	11.4%
9	More than £150,001	12.5%

- 7.2 There is no indication that the employee bandings will alter in 2015.
- 7.3 The Council makes employer's contributions to the scheme at a current rate of 19.7%. This is set to increase to 20.7% on 1 April 2015.
- 7.4 The Council's approach to termination payments is set out in paragraph 4.5 and is the same for staff at all levels.
- 7.5 If a former employee in receipt of a pension re-joins the council, their pension is not normally abated. The only exception is when added years were awarded when the member previously retired. In this case, if new earnings plus existing pension exceed previous salary, then abatement applies.

## **8 Review**

- 8.1 The Pay Policy Statement will be updated annually as required by the Localism Act.